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Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY



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BUSINESS URGES WTO MEMBERS TO CONTINUE NEGOTIATIONS AND COMMITMENT TO ACHIEVE RESULTS

The 12th WTO Ministerial Conference that was taking place in Geneva from 30 November to 3 December 2021 has been postponed but we hope once conditions allow that a new date is agreed soon. In the meantime negotiations should continue with the same commitment to achieve urgent results. This is crunch time for the WTO and all its members. We need to see a stronger and more effective organisation, one that is able to develop and implement modern trade rules that respond to the needs of our societies. This requires continuous engagement from all WTO members, willingness to compromise and a sense of urgency to deliver tangible results in a short period of time.

We remain strong supporters of the WTO and believe that prioritisation, pragmatism and a result-driven approach are key to ensure a successful outcome. In our view, focusing on the following areas will help set the rules-based multilateral trading system back in motion:

1. Advancing the reform of the WTO

The reform of the WTO is long overdue and critical to advance. It is a complex discussion, that requires the commitment and effort of all WTO Members. It also requires time and members should be open and ambitious in setting an agenda and work plan, with a timeline, as early as possible. Improving the functioning of the WTO as an organisation, such as solving the crisis in the Appellate Body, increasing transparency, optimising the work of the Committees and improving monitoring, should be part of the reform. Strengthening the negotiating function of the WTO and addressing issues related to special and differential treatment (SDT), competitive neutrality, including distortive subsidies, forced technology transfers and export restrictions, how trade can address the challenges of digital economy and support ambitious climate action should also be included in the agenda for reform. In addition, a more structured dialogue between the WTO and the business community is needed to modernise the rulebook and make it even more reflective of businesses' realities.

The reform of the Dispute Settlement System is an urgent priority. The value of international trade agreements is diminished in the absence of effective dispute settlement. While WTO dispute settlement continues to play a useful role in all areas except that of the Appellate Body, its inoperative state raises concerns that members' compliance with commitments they have undertaken in the WTO agreements will

erode over time. More members have recognised the need to address the concerns with the Appellate Body that have been identified, but the priority now should be substantive engagement to agree and execute reforms — and do so expeditiously. Reforming and restoring the system will support economic growth and job creation and ensure that WTO members are held to their commitments.

2. Trade and Health

During the COVID-19 pandemic the WTO has been doing exceptional work in monitoring trade-restrictive measures that governments adopted in response to the crisis. We also welcome the WTO's close collaboration with other international organisations, such as the World Health Organisation, to ensure that trade plays a positive role in addressing the crisis and in supporting the recovery of the global economy. Now it's up to WTO members to show that trade can better support the fight against pandemics by launching an ambitious initiative in the area of trade and health. From the perspective of business, this initiative should take a holistic approach, eliminating trade and regulatory restrictions that affect the distribution of and boosting the capacity to produce active ingredients, medicines, vaccines and equipment. This is key not only to maintain the resilience of supply chains in the current context but for future crises as well. The current pandemic will not be the last one. Vaccines and therapeutics are key instruments to protect mankind against such threats. In this context, improving access to vaccines is key and we hope WTO members will explore ways of achieving this objective. Intellectual property (IP) has played a fundamental role in enabling the unprecedented level of innovation and collaborations to tackle the pandemic. Voluntary licensing of intellectual property for vaccines has resulted in hundreds of industry partnerships around the world, which has led to dramatic growth in vaccine manufacturing — to the point that an estimated 12 billion doses will be produced by the end of the year. Therefore, a pragmatic solution that does not put into question the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) should be promoted.

3. Meaningful progress in the area of Joint Statement Initiatives

The work undertaken in the framework of the so-called "Joint Statement Initiatives" is of significant importance as it seeks to introduce rules in new areas, or in areas where the WTO's rule book is not complete. We consider this work critical for the modernisation of the WTO and for the continuation of progress on 21st century standards. We support these negotiations, especially in the areas of e-commerce, domestic regulation in services, investment facilitation for development, as well as trade and the environment.

- We should keep momentum in the negotiations for an agreement on **e-commerce**. Recognising progress on electronic authentication, electronic signatures, spam, open government data and online consumer protection, but also acknowledging the most complex issues remain open, including on cross-border data flows, prohibition on source code disclosure and forced data localisation, expanded market access for ICT products and questions of liability. In particular, participants should work towards making the moratorium on customs duties for electronic transmissions permanent.

- We hope the conclusion of the agreement on **domestic regulation in services becomes soon a reality**, with disciplines to ensure that domestic regulation procedures for trade in services are clear, predictable and transparent and do not unnecessarily restrain trade.
- Continuing progress in the negotiations on **investment facilitation for development** is also critical, as the members seek to set up a more transparent, efficient and investment-friendly business climate. With more than 100 members participating, a significant number of which are developing countries, this agreement shows how the WTO can deliver for all. We hope that the momentum to conclude negotiations as soon as possible will be maintained.
- There are several plurilateral initiatives in the area of **trade and the environment**, including a dialogue on plastics, distortive fossil fuel subsidies as well as a broader initiative on trade and environmental sustainability. It is important that Members step up their efforts and soon agree to launch negotiations with the aim to conclude an agreement as soon as possible. Achieving joint approaches to trade and environmental protection at global level is important to tackle climate change as well as to promote common sustainability policies and a level playing field.

4. Conclude an Agreement on Fisheries subsidies

Tackling the issue of illegal, unreported and unregulated (IUU) fishing is a key component of the negotiations of an WTO Agreement on Fisheries subsidies, which seeks to deliver rules that will promote sustainable fishing and protect the livelihood of people. Concluding this agreement urgently will be a strong and important multilateral outcome, a clear signal that the WTO is able to negotiate new rules.

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